



**STATE OF LOUISIANA  
DEPARTMENT OF HEALTH AND HOSPITAL  
OFFICE OF PUBLIC HEALTH**



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**Response to Comments  
Regarding Reduction of EarlySteps Reimbursement Rates**

EarlySteps has received many comments regarding the 25% reduction to reimbursement rates for early intervention providers. First of all, we would like to thank all providers in their efforts to help reduce costs by examining service delivery among their clients and voluntarily reducing the number of services. However, EarlySteps is experiencing a tremendous growth in the number of children enrolled and the number of services provided for each child. EarlySteps is faced with a significant projected budget deficit and must reduce expenses this year or the program will not be able to continue.

**Why did we have to cut rates?**

EarlySteps examined every part of the budget and reduced costs in contracts, administration and every other area before determining that rates would have to be decreased. This decision was made as a last resort when it was evident that the voluntary reductions made by parents and providers were not going to be enough to remain within our budget.

Expenditures for direct services represents 71% of the EarlySteps budget. Because direct services are such a large part of the budget, the rates had to be reduced to save enough money to remain in budget and save the program.

**Did every OPH employee take a 25% pay cut?**

Every aspect of the EarlySteps budget was considered in reducing costs. However, salaries account for only 4% of the budget while direct services are 71% of the budget. EarlySteps reduced contracts and administrative costs by approximately \$800,000. Employees did not have a reduction in pay, however there is currently a hiring freeze in the Office of Public Health.

**Why were we given such short notice?**

We sincerely apologize to providers for the short notice. Notice was given in the letter to parents and providers in November, 2004 that a decision to make the rate reduction might have to be considered. This was an action that the Department of Health and Hospitals did not want to make unless absolutely necessary. If we had delayed the effective date of the rate reduction to give providers more notice, then the reduction would have been more than 25%. We understand that many providers have had to make significant sacrifices as a result of sudden changes in the payment schedule. We thank you for your commitment to EarlySteps and to the children of Louisiana.

**Where can I go to provide suggestions and input on cost saving strategies?**

Several providers have indicated that they would like to provide information on cost savings. We urge providers to participate on one of the many State Interagency Coordinating Council (SICC) committees such as System Resources, Service Delivery, and others. Your input is valuable to us, and this is the best venue to provide suggestions for improvement, voice concerns, and contribute to the improvement of the system.

**How long will rate reductions last?**

The rate reductions will be in effect until further notice. The Department of Health and Hospitals will have to assure that EarlySteps can remain within budget before any changes are considered.

**What will happen if EarlySteps loses providers?**

Many providers have decided to remain with the EarlySteps System, even in the face of the rate reductions. Additional new providers have enrolled after the rate reductions have been made. There may be a loss of some providers who feel that they cannot provide services based on the reduced rates. This is a decision that can only be made by each provider. EarlySteps will continue to try and enroll interested providers so that every eligible child receives the services they need.

**What are other changes the system may face in the upcoming year?**

EarlySteps will immediately initiate a restructuring of the program to enact better controls on expenditures. This will include a number of changes including revised eligibility, parent cost participation and increased monitoring. Participation in one of the many committees of the SICC and sending in public comments on these issues when they are posted for public comment are ways that providers and parents can have input into the system.